

SUBJECT: A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY DIRECTING THE BOROUGH MANAGER TO PREPARE FUTURE BUDGETS UTILIZING THE FUEL EXCISE TAX REVENUE TO REDUCE THE AREAWIDE MILL RATE AND CREATE A PROPORTIONAL INCREASE IN THE 16 ROAD SERVICE AREA MILL RATES AND ALLOCATE AN AMOUNT EQUAL TO 70 PERCENT OF THE EXCISE TAX REVENUES TO A CAPITAL PROJECT FOR VOTER APPROVED TRANSPORTATION PROJECTS.

AGENDA OF: July 15, 2025

Assembly Action: Defeated with Assemblymember McKee in support.
08/15/25

[Clerk's note: Assemblymember McKee wanted it noted for the record that she meant to vote no.]

AGENDA ACTION REQUESTED: Present to the Assembly for consideration.

Route To	Signatures
Originator	 Recoverable Signature X Pamela Graham Signed by: Pamela Graham
Department/Finance Director	 Recoverable Signature X Cheyenne Heindel Signed by: Cheyenne Heindel
Borough Attorney	6/26/2025 X Nicholas Spiropoulos Signed by: Nicholas Spiropoulos
Borough Manager	6/26/2025 X Michael Brown Signed by: Michael Brown
Borough Clerk	 Recoverable Signature X Lonnie McKee Signed by: Lonnie McKee

ATTACHMENT (S): Resolution Serial No. 25-068 (2 pp)

SUMMARY STATEMENT:

This resolution is sponsored by Assemblymember Sumner to direct the Borough Manager in the preparation of future budgets that include a Fuel Excise Tax.

The intent of this tax is to create a revenue source to forward fund voter approved capital projects without incurring debt requiring an increase to the Areawide mill rate. There is also a desire to utilize the fuel excise tax to reduce the Areawide mill rate and shift the taxes proportionally to the 16 Road Service Areas

(RSAs) so that there is available revenue to fund capital projects specifically within the RSAs. This would result in the overall taxes for property owners remaining the same.

The attached resolution directs the Borough Manager to reduce the Areawide mill rate by the millage equivalent of 30% of the budgeted fuel excise tax when preparing the areawide budget.

A voter approved transportation capital project will be budgeted for in an amount equivalent to 70% of the budgeted fuel tax revenues.

Finally, the RSA mill rates will be increased proportionally by the total amount of the areawide tax reduction. For example, if there is \$5,000,000 budgeted in Areawide fuel excise tax the amount of the Areawide mill rate reduction total would be \$1,500,000. Using the fiscal year 2026 1 mill equivalent this would be a reduction of 0.101 mills. That \$1,500,000 would be allocated proportionally to the RSAs to increase their mill rates.

		Proposed Property Tax Revenue before Fuel Excise Tax mill rate Adjustment	Amount of the Fuel Excise Tax Reduction Allocated to Each RSA	Mill Rate Change	FY2026 Mill Rate	Adjusted Mill Rate for Fuel Excise Tax
9	Midway	1,735,900	107,694	0.1127	1.817	1.930
14	Fairview	1,557,400	96,620	0.0941	1.516	1.610
15	Caswell	881,300	54,675	0.2482	4.000	4.248
16	South Colony	2,255,100	139,904	0.0793	1.278	1.357
17	Knik	3,492,900	216,696	0.1341	2.161	2.295
19	Lazy Mountain	342,200	21,230	0.1437	2.316	2.460
20	Greate Willow	1,312,700	81,439	0.2086	3.362	3.571
21	Big Lake	2,189,700	135,847	0.1853	2.987	3.172
23	North Colony	294,000	18,239	0.2633	4.244	4.507
25	Bogard	2,214,600	137,392	0.0868	1.399	1.486
26	Greater Butte	1,361,900	84,491	0.1717	2.767	2.939
27	Meadow Lakes	2,581,900	160,179	0.1684	2.714	2.882
28	Gold Trails	2,447,100	151,816	0.1057	1.703	1.809
29	Greater Talkeetna	887,400	55,053	0.1885	3.039	3.228
30	Trapper Creek	312,100	19,362	0.2649	4.266	4.531
31	Alpine	312,100	19,362	0.2098	3.382	3.592

		Proposed Property Tax Revenue before Fuel Excise Tax mill rate Adjustment	Amount of the Fuel Excise Tax Reduction Allocated to Each RSA	Mill Rate Change	FY2026 Mill Rate	Adjusted Mill Rate for Fuel Excise Tax
		24,178,300	1,500,000			

The amount budgeted to the Voter Approved Transportation Capital Project would be \$3,500,000 (Budgeted Fuel Excise Tax \$5,000,000*70%)

RECOMMENDATION OF ADMINISTRATION: Respectfully request approval.